Money and Banking_101

Assignment: Money Supply and Inflation

yousef alsiddiq - 202101478

---

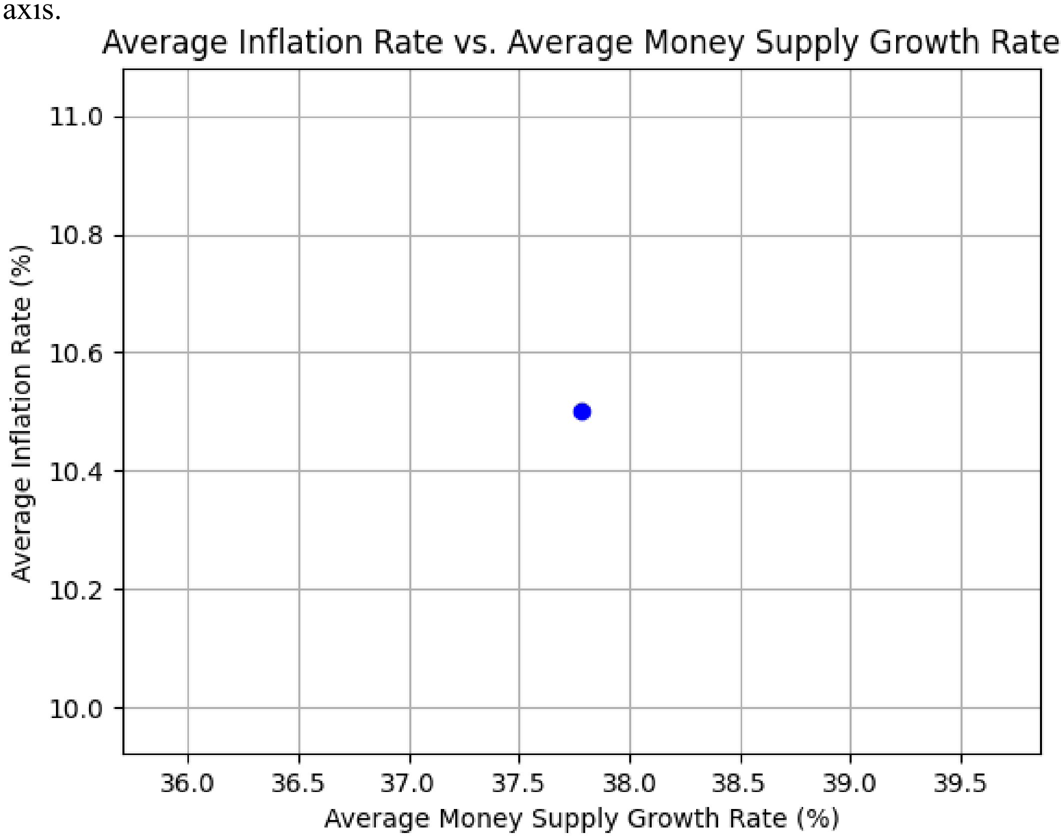
1. What do you deduce from the graph (positive or negative relationship between inflation rate and growth in money supply)? What does the relationship imply?

   As the money supply increases, the inflation rate tends to rise. Conversely, when the money supply decreases, the inflation rate often decreases, which means that this relationship is **positive**. A change in the money supply can directly affect inflation, and this is consistent with the money supply. If it is NOT met with an increase in economic output, it can affect the rise in prices and inflation.

2. Compute the average inflation rate and growth in money supply for each country

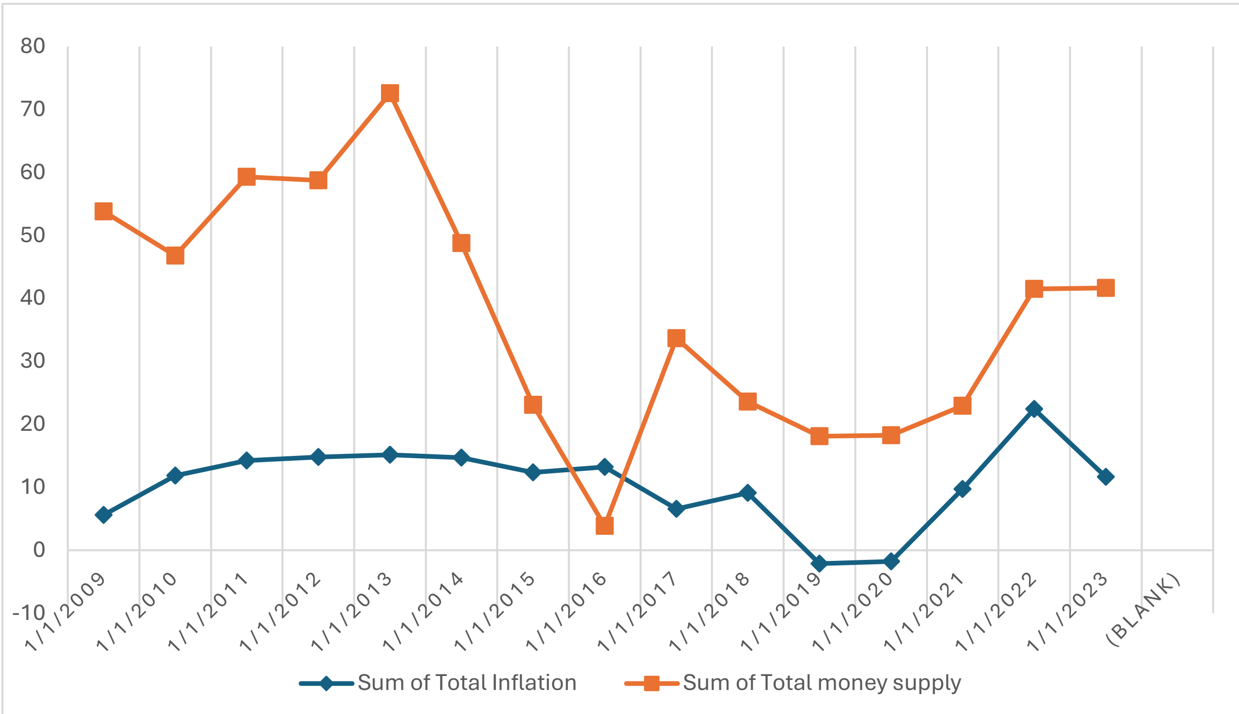
			Average
Average Inflation Rate	157.527	15	**10.50177125**
Average Money Supply Growth	566.74	15	**37.78265841**

3. Plots a graph of the average inflation on the vertical axis and the average money supply growth rate on the horizontal axis.



Note: There is PDF file for more information about the grap

4. Draw a linear relationship between the graphs in 4. What do you find? Positive or negative relationship, and what does it imply?



It can be known from this graph that there is a positive relationship between the money supply and inflation in this graph, and when the money supply increases, inflation tends to rise, and when the money supply decreases, inflation tends to decrease.

- From 2010 to 2015, we show that the money supply is heading towards an increase while inflation remains relatively stable.
- From 20/15 to 20/17, a significant decrease in the money supply was observed, which corresponds to a noticeable decrease in inflation, which indicates a possible positive correlation during this period.
- From February 20/17 to 20/20, the fluctuation known as the Big Thing prank, and inflation also shows slight spectral fluctuations, which indicates changes in the money supply, and this may affect this. Pumping on inflation and
- From 20 20 to 20 23 with the increase in the money supply again, inflation also appears towards the upward trend before values decrease in the recent period.

Tools and resources used for the assignment:

- Microsoft Excel
- Python
- Date from https://tradingeconomics.com